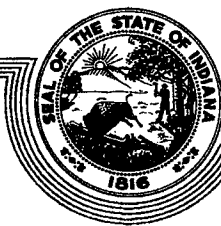


STATE OF INDIANA



ORIGINAL
FEBRUARY 7, 2007

INDIANA UTILITY REGULATORY COMMISSION
302 W. WASHINGTON STREET, SUITE E-306
INDIANAPOLIS, INDIANA 46204-2764

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MEMORANDUM

TO: Commissioners Hardy, Golc, Landis, Server and Ziegner

FROM: Jerry L. Webb, Director of Water/Sewer Division *Jerry L. Webb*

DATE: February 1, 2007

RE: Utility Articles for Next Conference

The following Final Article A, and Preliminary Articles A are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after February 7, 2007.

JLW/ld

"A" Final

The following new miscellaneous item will be eligible for final consideration at the next Commission Conference and based upon a review of it by staff members of the Commission, I recommend approval.

1. Silver Creek Water Corporation

The utility is proposing to increase its connection charge, reinstallation/lock surcharge, general service charge, and returned check charge. The reason for these changes is due to increased labor and material costs. In addition, the utility is proposing to change tariff language to reflect updates and modified service hours. The current and proposed charges can be found below. Cost support has been provided.

TARIFF CHARGE	CURRENT	PROPOSED
Connection Charge	\$784.00	\$1,021.00
Reinstallation/Lock Surcharge	\$ 35.00	\$ 44.00
General Service Charge	\$ 35.00	\$ 44.00
Returned Check	\$ 15.00	\$ 18.00

TARIFF LANGUAGE

Utility is proposing to change "waterworks" to "corporation" and "customer" to "member" throughout the tariff.

Utility is proposing to change the business hours for reconnections from "8:00 a.m. to 5:00 p.m. weekdays" to "8:00 a.m. to 4:30 p.m. weekdays" for Reconnection Charge to apply and "before 8:00 a.m. or after 5:00 p.m. on weekdays" to "before 8:00 a.m. or after 4:30 p.m. weekdays" for Reconnection Surcharge to apply.

Utility is proposing to change Reinstallation/Lock Surcharge:

CURRENT:

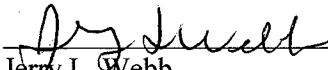
"This charge shall be in addition to the applicable reconnection charge and/or reconnection surcharge"

PROPOSED:

"This charge *as well as any costs for materials needed for repairs* shall be in addition to the applicable reconnection charge and/or reconnection surcharge"

The tariff pages affected by this filing are pages 1-4.

Please indicate your consideration and action of all the preceding items on the appropriate lines provided below.



Jerry L. Webb
Director of Water/Sewer Division

I approve of all items as presented above

I approve of all items as presented above except

Not participating in the following items

I, _____, Disapprove Items

No.

I, _____, Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

Brenda A. Howe
Secretary to the Commission

"A" Preliminary

The following new miscellaneous items have been reviewed by staff members of the Commission and we recommend accepting them for filing.

1. Indiana Michigan Power Company

Indiana Michigan Power Company (I&M) is seeking approval, under the Commission's 30-day filing procedure and the provisions of Tariff Contract Service Interruptible Power (CS-IRP), an amendment (Second Amendment) to the Tariff CS-IRP Contract between BOC Group, Inc. (BOC) and I&M. The contract was approved by the Commission on January 24, 1996. Use of the Commission's 30-day filing procedure for this contract amendment is appropriate based on the Commission's Order issued August 23, 1995, in Cause No. 40201.

The Second Amendment supplants the provisions of the Capacity Reservation and Designation of Firm Service portions of the contract to reflect the additional capacity needs of BOC. The changes to the Contract provided by the Second Amendment were agreed to by mutual consent of the parties.

The Amendment negotiations were at "arm's length" resulting in the Amendment being executed by I&M and BOC on December 29, 2006. The principal aspects of the amendment provide as follows:

1. BOC has requested a change in the Capacity Reservation and the Designation of Firm Service established in the original Contract as well as a provision regarding demands that exceed the Capacity Reservation.
2. All other rates, terms and conditions, obligations and responsibilities set forth in the original contract remain unchanged.

Indiana Michigan Power and BOC have also requested that the Commission treat specific terms of the Amendment as confidential and protect them from disclosure. Accordingly, an unredacted amendment was filed under seal with the requisite affidavit along with a redacted copy of the Amendment.

A review of the affidavit and supporting material indicates that the provisions concerning requests for confidentiality specified in the Commission's Order in Cause No. 40201, Tariff CS-IRP, and the Docket Entry of September 8, 1995, have been complied with and the material sought to be treated as confidential is being so treated consistent with I.C. 8-1-2-29 and I.C. 5-et seq.

The Amendment submitted for approval is entitled Second Amendment to the Contract for Opportunity Sales Interruptible Electric Service Between Indiana Michigan Power Company and BOC Group, Inc. Dated November 20, 1995, consisting of a cover and three pages in redacted form and a cover and three pages in unredacted form.

"A" Preliminary

2. Lafayette Municipal Water Utility

The utility is requesting the Commission's approval to charge the cost of furnishing Public Fire Protection Service directly to the ratepayers in accordance to IC 8-1-2-103(d). Currently, the utility is billing the City of Lafayette \$370.00 per hydrant, annually.

IC 8-1-2-103(d) states in part that:

"If the governing body of any municipality within the service area of the utility adopts an ordinance providing that costs shall be recovered under this subsection, the charges for the production, storage, transmission, sale and delivery, or furnishing of water for public fire protection purposes shall be included in the basic rates of all customers of the utility within the municipality. The change in the recovery of current revenue authorized by the ordinance shall be reflected in a new schedule of rates to be filed with commission at least thirty (30) days before the time the new schedule of rates is to take effect. The new schedule of rates shall:

- (1) eliminate fire protection charges billed directly to governmental units, other than charges for the construction cost for new hydrants installed on and after the date specified in the ordinance; and
- (2) increase the rates charged each customer of the utility, based on equivalent meter size, by an amount equal to:
 - a. the revenues lost from the elimination of such fire protection charges; divided by
 - b. the current number of equivalent five-eighths (5/8) inch meters.

This change in the recovery of public fire protection costs shall not be considered to be a general increase in basic rates and charges of the utility and is not subject to the notice and hearing requirements applicable to general rate proceedings. The commission shall approve the new schedule of rates that are to be effective on a date specified in the ordinance."

The City of Lafayette adopted Ordinance No. 2006-38 to authorize this change under IC 8-1.5-4-14 to comply with the above statutory requirement.

The customers' rates were calculated based on the meter ratios and the equivalent number of connections derived from the American Water Works Association (AWWA) Manual. The Commission has accepted the AWWA factors in similar requests. The following table depicts the proposed rates:

Meter Size	Proposed Monthly Charge
5/8"	\$ 1.33
1"	\$ 3.33
1 1/2"	\$ 6.66
2"	\$ 10.66
3"	\$ 19.99
4"	\$ 33.31
6"	\$ 66.63
8"	\$ 106.60
10"	\$ 153.24

The amount of annual fire protection revenue to be transferred from hydrant rentals currently paid by the City of Lafayette to surcharges to be paid by customers of the utility is \$497,650.00.

The tariff page affected by this filing is page 2 of 4.

"A" Preliminary

3. New Castle Municipal Waterworks

The utility is proposing to increase its Connection Charge, Reconnection Charge, Bad Check Charge, and eliminate its Disconnection Charge. The reason for these changes is increased labor and material costs. The Disconnection Charge has been incorporated into the new Reconnection Charge. In addition, the utility has proposed to modify tariff wording to reflect these changes as well as a Deferred Payment change for clarity. The current and proposed charges and wording can be found below. Cost support has been provided.

Tariff Charge	Current	Proposed
Connection Charge (5/8 inch and 3/4 inch meter)	\$300.00	\$825.00
Reconnection Charge	\$ 15.00	\$ 25.00
Bad Check Charge	\$ 15.00	\$ 30.00
Disconnection Charge	\$ 10.00	Eliminate

TARIFF WORDING

Connection Charge:

CURRENT - - "For connections requiring one inch meter sizes or larger, the connection charge shall be actual time and expense charges incurred, but in no event will the charge be less than \$825."

PROPOSED

"For connections requiring one inch meter sizes or larger, the connection charge shall be actual time and expense charges incurred, *including the cost of labor, materials, and equipment*, but in no event will the charge be less than \$825."

Reconnection Charge:

CURRENT - - "A user fee shall be charged for the reconnection of service. The charge to the individual customer for reconnection of water service shall be \$25. The charge will not be applied if the reconnection is made on the same day as the disconnection"

PROPOSED

"A user fee shall be charged for the reconnection of service. The charge to the individual customer for reconnection of water service shall be \$25."

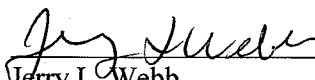
Collection of Deferred Payments:

CURRENT - - "All bills for water services not paid within fifteen (15) days from the date thereof, as stated in such bills, shall be subject to a collection or deferred payment charge of 10% on the first \$3.00 and 3% on the excess over \$3.00."

PROPOSED

"All bills for water services not paid within *two (2) business days of the due date* thereof, as stated in such bills, shall be subject to a collection or deferred payment charge of 10% on the first \$3.00 and 3% on the excess over \$3.00. *The due date is fifteen (15) days after the billing date.*"

The tariff pages affected by this filing are pages 2 and 3 of 3.



Jerry L. Webb

Director of Water/Sewer Division